

ISG Retail Limited

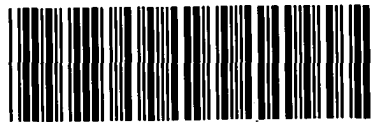
Report and Financial Statements

Year ended

31 December 2022

Company Number 02721627

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ISG Retail Limited

Report and Financial Statements for the year ended 31 December 2022

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Directors

M C J Blowers (Resigned on 7 July 2022)
M Cesenek
K P Dengate
A K Down
D G Entwistle
Z Price (Appointed on 7 July 2022)
J L Falconer (Appointed on 31 August 2022)
N M Starkey (Resigned on 31 August 2022)

Secretary

N J Heard

Registered Office and Principal place of Business

Aldgate House
33 Aldgate High Street
London
EC3N 1AG

Registered company number

02721627

Legal form

Private company limited by shares

Independent Auditor

MHA MacIntyre Hudson, 2 London Wall Place, London, EC2Y 5AU

Country and Date of Incorporation

England & Wales, 9 June 1992

ISG Retail Limited

Strategic Report for the year ended 31 December 2022

The Directors present their strategic report together with the audited financial statements of ISG Retail Limited (the 'Company') for the year ended 31 December 2022.

2022 – Business and Financial Review of the Year

Despite operating in a challenging economic climate, the Company has had another record year of activity, meeting our customers' expectations and demands. We have maintained our focus on maximising opportunities from our existing customer relationships and strived to diversify into new sectors through the transactional market to increase our business resilience in the longer term.

Five of our long-term financial services customers have offered framework contract extensions in the period and we have been successful in ensuring we have been re-appointed on all of them beyond 2022. With ongoing communication to understand these customers' needs, we continue to diversify our offer to meet their ever-evolving demands.

We have continued operations with online retailers delivering in excess of £130m within the year (2021: £75m). We have also expanded our client base with the introduction of new developers and funds, whilst maintaining existing relationships, delivering in excess of £180m in year. Investment has been made to strengthen the senior management team to assist in the planned sustainable growth path and opportunities in Europe continue to be supported.

We have invested in our supply chain management and governance teams to ensure we remain effective across all regions and sectors.

Whilst we continue to actively recruit additional resources across all disciplines, we are focused on making the best use of the resources at our disposal and ultimately focus on our core strengths to drive certainty and reduce unnecessary risk across our business. In particular, we have an increased focus on Environmental, Social, and Corporate Governance as this is at the forefront of many of our clients' agendas.

The Directors welcome the financial results for 2022. With a record forward order book and the combination of robust workstreams identified with several established clients and several opportunities in new sectors, the outlook is favourable.

	2022	2021
	£'000	£'000
Revenue	550,732	428,313
Gross profit	49,499	38,084
Profit before tax	28,185	21,956
	2022	2021
	£'000	£'000
Order book	225,464	356,347
Cash	31,480	31,664
Shareholders' funds	30,893	27,776

ISG Retail Limited

Strategic Report
for the year ended 31 December 2022 (continued)

Principal risks and uncertainties

The ability to identify, evaluate, monitor and, where appropriate, mitigate risk within the Company is fundamental to the continued success of the business. A key objective of the Board of Directors and its senior management team is to safeguard and where possible increase the value of the Company and its assets.

It is the responsibility of the Company's Board of Directors to set risk appetite levels to be adopted within each area of the business and to ensure that effective and relevant risk frameworks and internal controls are in place. This is supported by policies from the ISG Limited Group, which have been designed to support risk mitigation. It is the responsibility of the Board of Directors to ensure that the Group policies are adhered to. The Company's reporting structure ensures that the appetite and management of risk is determined within levels acceptable and agreed to by the Company's Board of Directors. The impact of significant risks and relevant mitigation activities is regularly monitored by the Board of Directors.

It should be noted that the Company's risk management procedures can only help to mitigate certain risks, rather than eliminate them entirely. Some of the risks identified will also be, to a greater or lesser extent, beyond the Company's influence or control.

Following the outbreak of war in Ukraine in February 2022, we carried out a review of our supply chain and client base and created a new working group comprising subject matter experts across the business to assess and manage impacts on our various stakeholder groups. We have identified no significant exposure to Ukraine or Russia through our operations, but will continue to monitor escalating energy prices and the potential further impact on supply chain costs more generally.

A summary of the principal risks and uncertainties, that have been identified by the Board that could impact on its performance, is shown in the table on the following pages, together with details of the mitigation actions that are being taken. These identified risks and uncertainties are specific to the Company and exclude overarching risk that will impact most businesses e.g., macro-economic, political, financial market and climate change risks. These overarching risks are monitored by the Board and the various management forums through the lens of the impact to the Company. Reference to the Group refers to ISG Limited Group.

Risks and Impact	Mitigation
<p>Supply chain, procurement and labour practices</p> <p>Subcontractors and suppliers may not be able to meet their material and service provision obligations due to reasons such as overstretching their capacity, going into receivership, or mismanagement of their supply chain.</p> <p>Subcontractors and suppliers may contravene legislation through a lack of understanding of the risks, and competence in their own procurement practices, putting ISG at risk of non-compliance with legislation and local codes of practice.</p> <p>Risk of prosecution and financial penalties, and potential impact on reputation.</p>	<p>We have various checks and balances in place to ensure the Group is not dependent on, or exposed to any single, or a small number of, subcontractors or other suppliers.</p> <p>The financial stability of each subcontractor is monitored daily through Dun & Bradstreet, with automated emails triggered by fluctuations in report scores, late filings and legal proceedings. In addition, appropriate retentions are held. Parent company guarantees, third-party bonds, and / or other appropriate security is required from subcontractors or suppliers.</p> <p>We also carry out a thorough pre-qualification process before appointing new subcontractors or suppliers. This involves financial checks and a full competency assessment. We also regularly monitor their performance through KPI reviews completed at site level both by operational and commercial teams. This is supported by robust management procedures and training for our employees and suppliers.</p> <p>ISG has corporate policies in place to address key issues such as The Modern Slavery Act 2015, The Bribes Act 2010, and prohibiting the use of products from species prohibited under CITES or from illegal sources. Our supply chain must commit to all of these in writing before the order is raised.</p> <p>In the UK, existing and potential new subcontractors are required to sign up to our anti-slavery and human trafficking supply chain commitment (the Supply Chain Commitment) as part of the subcontractor approval process. We are currently aligning our continental Europe supply chain to the same standard.</p> <p>Employees are required to undertake mandatory e-learning modules on modern slavery and anti-bribery. We also provide awareness training for our site workforces on relevant topics through site inductions, bespoke workshops where appropriate, and awareness materials displayed on site.</p>

ISG Retail Limited

Strategic Report for the year ended 31 December 2022 (continued)

<p>Recruitment, development and retention of employees</p> <p>A high-calibre workforce is crucial to delivering the Group's strategy and ensuring the delivery of a high-quality service.</p> <p>Growth of the business through increased revenue, exceeding talent availability to service our projects, could put our quality of service and product at risk, impacting customer experience.</p> <p>Competitors may try to poach key employees from within the Group who are difficult to replace.</p> <p>A loss of key employees may cause staffing issues, which may adversely impact on both project delivery and wider growth opportunities.</p> <p>A lack of externally available, suitably effective training courses to meet the skills and development needs of employees and the supply chain could result in a knowledge gap and impact the quality of our service and product.</p>	<p>Resource planning and talent reviews ensure we can build the pipeline of talent we need to meet business requirements.</p> <p>A robust talent acquisition process, with line managers trained to make the best hiring decisions and onboarding processes, ensures new starters are integrated into the business effectively.</p> <p>Our PDR process provides the opportunity for regular performance discussions, identifies areas for personal development, and allows for a conversation about career aspirations.</p> <p>ISG's in-house learning and development academy allows employees to access learning that ensures we develop the capabilities we need, while also supporting personal growth and development.</p> <p>A global annual employee survey is carried out, which allows us to develop action plans to drive improvements in employee engagement.</p> <p>The remuneration of employees is firmly linked to performance, and where bonus plans are part of the total remuneration offering, they are linked to the achievement of business goals.</p>
<p>Project delivery and quality of service / product</p> <p>The ability of the Group to continue winning contracts at appropriate profit margins and with acceptable terms and conditions, in markets that are competitive.</p> <p>Failure to manage or deliver a key project in accordance with the agreed contract, to an appropriate standard and within the timescales agreed. This may lead to disputes and have an adverse impact on both the profitability of the Group and its reputation.</p> <p>Overstretching of the Group's supply chain as both markets and sectors grow, which could lead to subcontractor failure.</p>	<p>The Group has a controlled approach to contract bidding and selection (within clearly defined delegated authority levels and agreed sector focus). This ensures that work undertaken matches the capability and resources available, that contractual terms are acceptable, and that clear responsibility for scrutiny and approval is given to the appropriate level of management.</p> <p>Contracts that are in progress are controlled and managed through the Group's operating structure. Regular and detailed reviews take place within each business unit and centrally to monitor forecast revenues, costs to complete the project, cashflows, health and safety, sustainability, and other non-financial metrics.</p> <p>Appropriate Group risk registers are maintained and reviewed frequently. Enhanced management and supervision are implemented when necessary for projects that are deemed to be higher risk.</p> <p>Regular reviews are also undertaken of each business unit's results, together with monthly / quarterly operational and budgeting / forecasting reviews.</p> <p>During 2022 we continued to develop ISG's Advanced Audit and Assurance (AAA) process in relation to site-related activities; designed to measure project delivery and quality of service / product.</p>
<p>Health, safety and well-being of stakeholders</p> <p>A failure to manage the Group's health and safety risks could result in serious harm to employees, subcontractors, the public or the environment.</p> <p>The Group could be exposed to significant potential liabilities and reputational damage.</p> <p>There may be a breach of local regulatory requirements.</p>	<p>In the UK and several other countries in which the Group currently operates, its processes and procedures comply with the requirements of OHSAS 18001. Globally, the Group adheres to the 'Working with ISG: Health and safety standards, which provide clear expectations of performance across all our operations.</p> <p>The safety of the Group's employees, supply chain and members of the public is of paramount importance.</p> <p>A comprehensive policy and framework are in place (to include regular audits, site visits, the recording of accidents, near miss and hazard reporting).</p> <p>Leading and lagging KPIs are monitored closely in all business units. The Board also reviews these at the start of each monthly Board meeting, to consider trends within the business and discuss specific issues or concerns.</p> <p>Best practice is shared within the Group via a health and safety leadership forum, co-chaired by the CEO and the Group Health and Safety Director, which operates under a zero-tolerance approach to unsafe practices.</p> <p>Health and safety leaders are appointed within each business unit. A health and safety committee also meets regularly, which is made up of representatives from across the business.</p> <p>Regulatory requirements in relation to health and safety, and any changes to these, are regularly monitored by the Group Health and Safety Director.</p>
<p>Pollution control and environmental management</p> <p>A failure in our environmental management could potentially result in a pollution incident, or adversely affect biodiversity, causing environmental harm and resulting in potential liability and reputational damage.</p> <p>Management of incidents may also impact on time and costs associated with investigation, remediation, and loss of working hours / impact on programme.</p>	<p>The Group is committed to fulfilling its environmental compliance obligations and to taking every reasonable measure to conduct its business activities in a safe and responsible manner. ISG is well versed in protecting the environment and aims to minimise negative impact and provide positive enhancements in line with our 'net gain' sustainability strategy wherever possible.</p> <p>Our environmental management systems are developed and maintained in line with the best practice recommendations of ISO 14001:2015, and all applicable environmental legislation and regulations.</p> <p>ISG has in place management procedures, guidance, and training to support the effective planning and execution of our operations while minimising and mitigating environmental risks. This also includes robust incident reporting and investigation</p>

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Strategic Report for the year ended 31 December 2022 (continued)

	<p>procedures, with trend analysis, informing any appropriate updates and changes to our management systems.</p> <p>We submit to audit by third-party certification bodies, and our clients where requested, demonstrating our responsible approach to environmental management and commitment to continual improvement.</p>
Overreliance on key customers	<p>ISG monitors the levels of work with each customer and actively seeks a balanced portfolio of work within public and private sectors, and across geographies and industry sectors.</p> <p>The nature of our projects can result in high trading levels with single customers in a specific financial year, however, when reviewed on a longer-term basis, a more balanced level of work is seen across the customer portfolio.</p>
<p>Legal, regulatory and reporting compliance</p> <p>The Group is required to ensure compliance with ever-changing and increasing legal, regulatory, and reporting requirements, in the United Kingdom (UK), European Union (EU) and other countries in which it operates. This includes (but is not limited to) matters such as health and safety, the environment, accounting and taxation, human resources, anti-bribery, modern slavery and the General Data Protection Regulation (GDPR).</p> <p>Part of the Group's growth strategy requires entry in new countries and markets, where there may be different and / or additional legal, regulatory and compliance frameworks. A failure to comply with such requirements could lead to large financial penalties and / or reputational damage.</p>	<p>A regular review of the Group's key policies is carried out at Board level to ensure they remain relevant for the business and in line with legal and regulatory requirements.</p> <p>The Group uses external advisors / consultants, where deemed necessary, to advise on policy and the various compliance responsibilities that need to be adhered to.</p> <p>ISG's code of ethics and business conduct (the Code) provides a clear set of standards for all areas of the Group to follow, in terms of the laws and principles governing our behaviour and decision-making processes, both now and in the future. At the heart of the Code is the basic principle that, as a minimum, the Group should always follow the laws of the countries in which it operates.</p> <p>Beyond the law, the Group must always be guided by its values and ensure that it does the right thing for its stakeholders, which includes employees, customers, suppliers, shareholders, and the wider community.</p>
<p>Data protection and information security breaches</p> <p>Potential increased risk of the Group and / or a member of our supply chain being the victim of cybercrime.</p> <p>Failure to protect key company and employee data or other confidential information due to a breach of security.</p> <p>This risk has the potential to cause reputational harm, or large fines / prosecution, as well as having an operational impact in restricting the Group's ability to carry on business-critical activities.</p>	<p>ISG makes significant investments in infrastructure and governance that enhances IT security, information management and cyber-security training. We aim to protect our clients, ISG and the general public from major cyber and privacy risks. We also work with our supply chain to understand its challenges and manage risks appropriately.</p> <p>ISG has comprehensive IT, information security, privacy and risk policies in place. The Privacy, Cyber and Risk teams regularly brief the Risk Committee on the cyber and privacy risks identified. Selected risks are then escalated to the Board.</p> <p>ISG's Group IT team maintains our Cyber Essentials Plus accreditation and works with the National Cyber Security Centre (NCSC) and industry partners to identify new threats in the cyber landscape.</p> <p>We constantly review the adequacy of our IT security technology and associated controls, adopting a defence in depth (DiD) strategy.</p> <p>ISG regularly reviews its cyber, phishing and privacy training and communications protocols to ensure our people are aware of emerging threats and the measures they can take to protect ISG from cyber threats. No notice phishing simulation is used to enhance phishing awareness.</p>

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Strategic Report for the year ended 31 December 2022 (continued)

Stakeholder needs and engagement

Section 172 (s.172) of the Companies Act 2006 requires Directors to act in a way that promotes the success of the Company for the benefit of stakeholders whose interests feature in the 'success of the Company'. The legislation requires our Directors to have regard (among other matters) to:

- the likely consequences of any decision in the long term;
- the interests of our employees;
- the need to foster relationships with suppliers, customers and others;
- the impact of our operations on communities and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly, as between members of the Company.

We provide an overview of the actions undertaken by the Directors to demonstrate the Company's compliance with s.172 of the Act. We have defined our stakeholder groups and their interests as follows:

- **Customers:** In addition to absolute certainty of delivery, our customers seek specialist expertise, agile service and business insights, to thrive and remain competitive in their markets.
- **Employees:** Our people are looking for a work environment that keeps them healthy and safe; and enables them to grow personally and professionally.
- **Supply chain:** Our supply chain seeks to build strong partnerships with us that enable their own sustainable growth. They want us to work collaboratively and respectfully with them and establish mutual understanding and shared expectations.
- **Communities:** The communities where we work have a vested interest in the quality of the spaces we deliver and the way in which we deliver them. They benefit from engagement, communication and the creation of opportunities.
- **Industry:** The construction industry has evolved slowly over the past few decades and is ripe for innovation. It seeks strong, strategic and values-driven leadership that will help to position it as a positive and effective force for the future.
- **Investors:** The Company is part of the ISG Group under ISG Limited. As part of this group, we work with our parent and fellow subsidiaries to implement our vision to achieve long-term growth of the Company and Group.
- **Financial institutions:** Banks, bondsmen and credit insurers seek to understand the Company's performance and outlook so that they can provide financial services to our business and supply chain.

Our value outcomes are aligned closely with the needs of our stakeholders, and so it is crucial that they play a key role in informing our decisions and strategy. For this reason, we regularly connect with our stakeholders to get a greater insight into their needs and concerns. This information helps us to gain a better understanding of the immediate and long-term impact of our decisions on their interests and underpins good governance across our business.

Over the course of the year, the Directors have received updates from senior leaders on how we have engaged with these stakeholders, the feedback we have received, and the impact of that feedback on the Company's policies, processes, and procedures. This information has also informed decision-making by the Directors, which has in turn affected the direction and strategy of the business. The table on the following pages summarises key interactions, outcomes of engagement, and effects of engagement on Director's decision for each stakeholder group. The ISG Limited Annual Report 2022 contains additional disclosures that users may find informative. The ISG Limited Annual Report 2022 can be obtained as described in note 25. 'Group' refers to the ISG Limited Group of entities.

This section provides an overview of how we have engaged with our stakeholders, the feedback we have received, and the outcomes of that feedback on ISG's policies, processes and procedures.

Stakeholder	Engagement interactions	Outcomes of engagement
Customers and consultants		
In addition to absolute certainty of delivery, our customers seek specialist expertise, an agile service and business insight to thrive and remain competitive in their markets.	<ul style="list-style-type: none"> • Investment in the creation of an online customer experience (CX) management dashboard, giving all teams group-wide 24/7 access to CX data and trends, to identify 	<ul style="list-style-type: none"> • CX engagement across the key stages of the customer journey including before and after project award.

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Strategic Report for the year ended 31 December 2022 (continued)

<p>Consultants defer to ISG to provide expert design input, buildability advice, value engineering support and a collaborative, partnership approach to project delivery.</p>	<p>improvement and training requirements.</p> <ul style="list-style-type: none"> • Directing guidance to our operational, supply chain and win work teams on implementing approach as per customer and consultant expectations. • Training and development of new group wide CX champions. • Supporting customers and consultants with their net zero carbon commitments as part of the design process. • Supporting customers with community and social value initiatives throughout their construction programmes. • Launch of new low carbon retrofit offer. • Engagement in relation to our Performing Places initiative which focuses on ensuring buildings perform as designed. 	<ul style="list-style-type: none"> • Group-wide e-learning modules on how to start CX engagement to set up for a successful customer journey. • Continued development of CX dashboards to show trends analysis and sentiment. • Group-wide CX workshop forum to continue embedding a customer-centric approach. • Customer-specific lessons learned and improvement workshops. • A Net Promoter Score (NPS) of +86. • A customer satisfaction rating of 87%. • Potential for Board members to attend CX reviews. • Customer strand of the 'Right thing first' strategy.
<p>Employees</p>		
<p>Our people want to work for a business with a clear and compelling vision, shared values, a mission which focuses on purpose and planet, as well as profit, and in an environment that keeps them healthy and safe and enables them to grow both personally and professionally.</p>	<ul style="list-style-type: none"> • Annual employee engagement survey, as well as an annual pulse check. • Robust internal communications including CEO emails and videos, MD newsletters, live broadcast town halls, online news hub, employee intranet, manager briefing packs, regular business unit updates and end-of-year communications events. • Annual employee awards event. • Bi-annual Global Leadership Conference (GLC) for senior leaders across the business • Annual Performance Development Review (PDR) process and mid-year check-ins for all employees. • Targeted communications with employees regarding changes in regulations and opportunities within the business. • Corporate and local charity partner activity, and ongoing volunteering, community and charitable engagement initiatives. • Matched funding on charity fundraising from both ISG (up to £250 per employee) and our owner (in full). • Focus on mental well-being and helping to raise awareness through our partnership with Mental Health UK (now in its fourth year), webinars, resources and training, as well as giving something back through volunteering, community and fundraising activities. • Activities supporting our approach to drive more preventative measures around well-being e.g., Future Leaders well-being project which is now being trialled across 12 projects. • Significant enhancements to our UK maternity, paternity and adoption policies, with more to come as we review our other geographies. 	<ul style="list-style-type: none"> • High-level data insight session held with Board, and our senior leaders, to gain awareness and commitment. • Action plans developed at Group level and locally from the survey insight. • HSQE campaigns focused on issues raised, development of training and changes in policies and procedures. • Involving employees in giving back to our local and global communities, and providing opportunities for skills development where possible, including to become mental health first aiders. • Record levels of involvement and fundraising in our main global charity fundraising event – Move for Charity. • Involving employees in shaping and delivering the outcomes needed to improve operational excellence. • Development of our health and well-being strategy and initiatives to drive positive change, including ongoing partnership with ISG's UK charity partner, Mental Health UK, exemplifying ISG's commitment to changing the conversation around mental health and supporting our people's mental health. • Ongoing investment into and delivery of a comprehensive learning and development curriculum through ISG's training hub, to allow our people to fulfil their potential.
<p>Supply chain and suppliers</p>		
<p>Our supply chain and key suppliers seek to build strong, long-term, trusted partnerships with us that enable their own sustainable growth. They want us to work collaboratively and respectfully and establish mutual understanding and shared expectations.</p>	<ul style="list-style-type: none"> • Supply chain pre-qualification and ongoing management process. • Regular meetings between ISG's supply chain team, senior management and supply chain partners to discuss performance, 	<ul style="list-style-type: none"> • Approved supply chain that meets local compliance, and is assessed financially, monitored, and evaluated by the HSQE team in the UK. Outside the UK further compliance assessment is utilised.

ISG Retail Limited

Strategic Report for the year ended 31 December 2022 (continued)

	<p>review potential opportunities and upskill through ISG's core enabling departments.</p> <ul style="list-style-type: none"> • Close engagement with supply chain partners, enabling us to track and monitor global risks within the supply chain including supply disruptions. • Implementation of strategic supply chain partner approach in continental Europe, with redefined service level agreements and a relationship charter. • Ongoing engagement with project teams from pre-construction to post-completion. • Targeted topical communications regarding market updates and changes in regulations. • Specific engagement through supply chain forums on ESG topics, including modern slavery and in the future, carbon reduction. Further detail can be found in the sustainable procurement and risk sections of this report. 	<ul style="list-style-type: none"> • Improved compliance, driving increased spend through fewer companies, and mitigating risks associated with poor performance, quality and financial stability. • Upskilling supply chain partners in modern slavery, right to work, social media, customer experience, ESG and health and safety. • Supporting business growth in new territories by investigating supply chain opportunities across new sectors. • Tender and preconstruction meetings supporting collaboration and innovative solutions to come forward. • Construction and post-construction meetings supporting lessons learned and performance improvement. • Sharing ISG's strategy, plans and expectations with our supply chain through regular communications.
<p>End users</p> <p>End users are those we wish to thrive in the spaces we create. In a post-pandemic world, this entails delivering COVID-19 safe environments, as well as maximising opportunities for ESG, ensuring that green infrastructure and building performance is optimal for energy use, heating, cooling and water consumption.</p>	<ul style="list-style-type: none"> • If our client is the end user, then engagement is before, during and after the construction period, ensuring that the experience is the best it can be when delivering the new space. • If the client is not the end user, engagement is initiated through our soft landings process, ensuring that both the end user and its stakeholders have the training, competence and experience to manage the building post construction. 	<ul style="list-style-type: none"> • Repeat business as a result of a good customer experience and Net Promoter Score. • Better-performing buildings which consume less energy as we ensure that the design intent is delivered.
<p>Communities</p> <p>The communities where we work have a vested interest in the quality of the spaces we deliver and the way in which we deliver them. They benefit from engagement, communication and the creation of opportunities that, if we manage them correctly, will last long beyond the construction programme.</p>	<ul style="list-style-type: none"> • Consultations with local authorities, and commercial and residential stakeholders, through planning, stakeholder needs analysis and throughout construction and beyond. • Discussions with key community stakeholders in the development of social value plans. • Engagement and support of educational establishments, providing work experience and curriculum support. • Outreach to local charities and community organisations. • Engagement with new, diverse and local supply chain and employment and training providers. • Employment of local graduates and apprentices as part of our early careers programme. • Engagement with armed forces charities to support service leavers interested in a career in construction. • Collaboration with the Ministry of Justice and our supply chain to deliver a construction skills and employability programme, providing rehabilitation opportunities to ex-offenders. 	<ul style="list-style-type: none"> • Forming project programmes and construction methods to minimise impacts on neighbours, ensuring regular and meaningful communication throughout. • Identifying community needs e.g., targeted investment, employment, training, engagement etc. • Supporting the development of our early careers' talent pipeline and that of our supply chain. • Delivering social value to local communities by using local, diverse suppliers and upskilling and employing local people. • Sharing our knowledge and expertise on net zero carbon, circular economy principles and water and biodiversity management with communities. • Involving our people in creating value through volunteering, mentoring, charitable giving, pro bono and gifts in kind.
<p>Industry bodies</p> <p>The construction industry has evolved slowly over the past few decades and is ripe for innovation. It seeks strong, strategic and values-driven leadership that will help to position it as a positive and effective force for the future.</p>	<ul style="list-style-type: none"> • Membership of 44 different organisations that range from covering supply chain, to health and safety, to sustainability, as well as professional standards and bodies. These include the British Safety Council, Build UK, CHAS (CAS), the Chartered Institution of Building Services Engineers 	<ul style="list-style-type: none"> • Tackling industry issues, such as the circular economy, fire safety, prompt payment, labour shortages, material costs and subcontractor insolvencies. • Reviewing and developing our management systems. • Growing our own knowledge of industry issues and how to solve

ISG Retail Limited

Strategic Report for the year ended 31 December 2022 (continued)

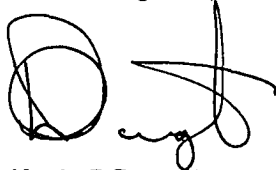
	<p>(CIBSE), the UK Green Building Council (UKGBC) and the Considerate Constructors Scheme (CCS) (founder member).</p> <ul style="list-style-type: none"> • Consultation with legal advisors and industry professionals. • Attendance at industry conferences and marketing events. • Conducting interviews with industry media and providing thought-leadership pieces. 	<p>them, and developing our understanding of technologies, and how to adopt them for mutual benefit e.g., digital processes and our Platform approach for Design for Manufacture, Assembly and</p> <ul style="list-style-type: none"> • Disassembly (P-DfMA+D). • Sharing knowledge and collaborating on thought leadership with our industry colleagues.
Financial institutions		
<p>Banks, bondsmen and credit insurers seek to understand ISG's performance and outlook so they can provide financial services to our business and supply chain.</p>	<ul style="list-style-type: none"> • Regular meetings with banks, bondsmen and insurers by ISG's CFO and the Treasury team. • Informal conversations with each institution during the year, covering a range of topics. • Annual meetings with banks, bondsmen and insurers to present strategy and forward-looking plans in addition to monthly performance reporting. 	<ul style="list-style-type: none"> • Opportunities to discuss the industry landscape and market environment. • Banks, bondsmen and insurers able to broaden their understanding of ISG's performance and operations. • Continued support from the institutions.
Investors		
<p>ISG is part of the Cathexis Group, a US-based investment group. Cathexis supports our vision and is invested in the long-term growth of ISG.</p>	<ul style="list-style-type: none"> • Regular communication with ISG's ultimate parent Cathexis Holdings V LP. • Bi-annual strategy discussions. • Monthly business updates. 	<ul style="list-style-type: none"> • Involvement in key strategic decisions of the Group, aligning with investor expectations and risk profile.

Streamlined Energy & Carbon Reporting

The Company's energy and carbon disclosures are included in the disclosure of the ISG Limited group in The ISG Limited Annual Report 2022.

Approval

This Strategic Report was approved by order of the Board on 21 April 2023.



Kevin P Dengate
Director

ISG Retail Limited

Directors' Report for the year ended 31 December 2022

The Directors present their report together with the audited financial statements for the year ended 31 December 2022.

Directors

The Directors of the Company throughout the year were:

M C J Blowers (Resigned on 7 July 2022)

M Cesenek

K P Dengate

A K Down

D G Entwistle

Z Price (Appointed on 7 July 2022)

J L Falconer (Appointed on 31 August 2022)

N M Starkey (Resigned on 31 August 2022)

Directors' Indemnity Insurance

The Directors have the benefit of an indemnity from the Company in respect of liabilities incurred as a result of their office. This indemnity is provided under the Company's Articles of Association and satisfies the indemnity provisions of the Companies Act 2006.

The Company has taken out an insurance policy in respect of those liabilities for which the directors may not be indemnified. Neither the indemnity nor the insurance provides cover in the event that a director is proved to have acted dishonestly or fraudulently.

Principal Activities

The principal activities of the Company are to operate as a main contractor in the construction industry and to undertake fit out and refurbishment of properties throughout the UK. The Directors do not expect that there will be any significant changes to the principal activity of the company in the foreseeable future.

Existence of branches of the Company outside of the United Kingdom

The Company has no branches outside of the United Kingdom.

Review of Business and Likely Future Developments in the Business of the Company

Information on the review of the business and likely future developments in the business of the Company has been included in the Strategic Report on page 3.

Financial Risk Management Objectives and Policies

Price risk

Price risk is the risk that changes in the market, such as foreign exchange rates and interest rates, will affect the Company's pricing and hence income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies such as Standard and Poor's, Moody's and Fitch. No material credit exposure is permitted to a financial institution with a rating lower than BBB- or equivalent. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

ISG Retail Limited

Directors' Report for the year ended 31 December 2022 (*continued*)

Liquidity and cash flow risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring bank covenant compliance, forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. An ISG Group Company can also request financing from ISG Group.

A daily cash flow forecast for the next four weeks is prepared on a weekly basis and a twelve-month forecast is produced monthly. These forecasts are reviewed at company and Group level.

Additionally, there is a detailed review of the assumptions underpinning these forecasts by Group Finance. Minimum cleared cash levels have been imposed on each subsidiary company and actual balances are monitored against the minimum levels on a daily basis. In addition, the top and bottom ten cash contracts by company are reviewed at company and Group level on a monthly basis. Further details relevant to the Company's liquidity position and its status as a going concern are included within the Strategic Report.

Information on the financial risks of the Company has been included in the Strategic Report under 'Principal risks and uncertainties' on pages 4 to 6.

Dividends

Dividends of £19,712k were paid to the ordinary shareholders during the year (2021: £9,542k).

Donations

No political donations were made during the year (2021: £nil). Charitable donations of £6k were made during the year (2021: £1k).

Going Concern

Information on the business environment in which the Company operates, including the factors that are likely to impact the future prospects of the Company, are included within various sections of the Strategic Report, and the risks and opportunities section. The financial position of the Company, its cash flows, liquidity position and debt facilities are described in the financial review. In addition, the financial statements set out the Company's objectives, policies and processes for managing its capital, financial risks, financial instruments and hedging activities, as well as its exposure to credit risk and liquidity risk.

The Directors have prepared cash flow forecasts for the Company for a period in excess of twelve months from the date of approval of these financial statements. These forecasts are based on the Company's existing forward order book and workload together with assumptions in respect of new business. They reflect an assessment of current and future market conditions and risks and uncertainties in the business, their impact on the Company's trading performance, and the actions taken by management in response to current market conditions. The forecasts completed on this basis demonstrate that the Company will be able to operate with its available resources. In addition, management has considered various mitigating actions that could be taken if future market conditions deteriorate beyond their current assessment.

As explained on page 4, following the outbreak of war in Ukraine, the Group carried out a review of its supply chain and client base. A sub-committee of ISG's Risk Committee was established up to monitor specific risks to ISG and our supply chains but has since been stood down. We identified no significant exposure to Ukraine or Russia through our operations but will continue to monitor the ongoing escalation of energy prices and the potential further impact on supply chain costs generally.

Based on the exercise described above, the Directors have a reasonable expectation that the Company has adequate resources to continue operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements of the Company.

Governance

The Company continues to monitor the potential impact of the UK Government's corporate governance reforms. External advisers have been appointed to work with the Company to develop its governance arrangements and to ensure that it can continue to comply with any future legislation. In the meantime, the Company continues not to apply a formal corporate governance code but is governed by its own guidelines which are broadly consistent with the Wates Code.

ISG Retail Limited

Directors' Report for the year ended 31 December 2022 (*continued*)

Employment Policy

Employment of disabled persons

At ISG, we are fully committed to equality in the workplace and engage, promote and train staff on the basis of their capabilities, qualifications and experience without discrimination of any kind. This is underpinned by the policies and practices embedded within the Company. All employees receive equal opportunity to progress within the Company ensuring we have access to the widest talent pool. We make reasonable adjustments to the business premises and working arrangements for disabled applicants and employees, including employees who become disabled during their employment.

Employee Involvement

At ISG, employee engagement is very important to us, and we actively seek the views and opinions of our staff through our global employee engagement survey. Staff participation is encouraged at many levels, such as choosing our UK Charity Partner or recognising colleagues for our global values awards. Our Company intranet provides a wider platform to share information throughout the business and we have in place multiple communication channels which allows us to ensure information flows freely throughout the organisation. We also encourage employees to support both their local and our global community and we endeavour to do this by promoting apprenticeships with our supply chain partners and within our own operations, engaging with schools, colleges and universities to promote and support, learning and employability, targeting hard to reach groups to promote social inclusivity and targeting under-represented groups to enhance diversity in the industry. To support the above aims we offer volunteering opportunities and matched charity funding to permanent employees.

Health and safety

The Board considers health and safety to be a key priority within the Company and has continued to maintain its focus on this area throughout the year. It is essential that we take all reasonable measures to conduct our business to ensure the health, safety and wellbeing of all our employees and all other persons who may be affected by our activities, including members of the public, customers and our supply chain that we work with. [Our commitment to health and safety is demonstrated by our Accident Incident Rate which during the year was 2.44 (2021: 1.79).

Environmental reporting

The Board is committed to ensuring that the Company continues to fulfil its environmental compliance obligations and to take every reasonable measure to conduct its business activities in a safe and responsible manner. The Company aims to minimise negative impact and, where possible provide positive enhancements to the environment. Further details can be found in strategic report.

Directors' Responsibilities

The Directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 "Reduced Disclosure Framework" ("FRS 101") and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ISG Retail Limited

Directors' Report for the year ended 31 December 2022 (*continued*)

Disclosure of information to the auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he or she ought to have taken as a director, in order to make him or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Resignation of BDO LLP and the appointment of new auditor

Following authorisation of the 2021 financial statements, BDO LLP resigned as auditors and, pursuant to section 489 (3) (c) of the Companies Act 2006, on 9th September 2022 the directors appointed MHA MacIntyre Hudson as the Group and Company's auditor.

Approval

This Directors' report was approved by order of the Board on 21 April 2023.



Nicholas Heard
Company Secretary

ISG Retail Limited

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ISG RETAIL LIMITED

Opinion on the financial statements

We have audited the financial statements of ISG Retail Limited ("the Company") for the year ended 31 December 2022 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), as applied in accordance with the provisions of the Companies Act 2006.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 101 - Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

ISG Retail Limited

Independent Auditor's Report (*continued*)

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

ISG Retail Limited

Independent Auditor's Report (continued)

- Enquiry of management, internal audit and the Company's in-house legal advisors around actual and potential litigation and claims;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Moyser FCA FCCA (Senior Statutory Auditor)
For and on behalf of MHA MacIntyre Hudson, Statutory Auditor
London, United Kingdom
21 April 2023

ISG Retail Limited

Income Statement for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Revenue	3	550,732	428,313
Cost of Sales		(501,233)	(390,229)
Gross profit		49,499	38,084
Administrative expenses		(23,593)	(16,251)
Profit from operations	4-7	25,906	21,833
Income from shares in group undertakings	8	1,117	-
Interest and similar income	9	1,244	219
Interest and similar charges	10	(82)	(96)
Profit before taxation		28,185	21,956
Taxation on profit	11	(5,356)	(4,371)
Profit for the year		22,829	17,585

The accompanying notes on pages 21 to 38 form an integral part of the financial statements.


ISG Retail Limited

Balance Sheet
at 31 December 2022

Company number 02721627

	Note	2022 £'000	2021 £'000
Non-current assets			
Tangible fixed assets	13	2,280	3,070
Deferred tax asset	17	163	137
Investment in subsidiary undertakings	14	-	-
		<u>2,443</u>	<u>3,207</u>
Current assets			
Stocks	15	19	34
Debtors due within one year	16	157,175	138,379
Cash at bank and in hand		31,480	31,664
		<u>188,674</u>	<u>170,077</u>
Current liabilities			
Creditors: amounts falling due within one year	18	(157,899)	(142,625)
Lease liabilities	19	(641)	(641)
		<u>(158,540)</u>	<u>(143,266)</u>
Net current assets		<u>30,134</u>	<u>26,811</u>
Non-current liabilities			
Lease liabilities	19	(1,684)	(2,242)
		<u>(1,684)</u>	<u>(2,242)</u>
Net assets		<u>30,893</u>	<u>27,776</u>
Capital and reserves			
Share capital	20	15	15
Capital redemption reserve	21	60	60
Retained earnings	21	30,818	27,701
		<u>30,893</u>	<u>27,776</u>
Shareholders' funds		<u>30,893</u>	<u>27,776</u>

The financial statements were approved and authorised for issue by the Board of Directors on 21 April 2023 and were signed on its behalf by:


David Entwistle
Director

The accompanying notes on pages 21 to 38 form an integral part of the financial statements.

ISG Retail Limited

Statement of Changes in Equity for the year ended 31 December 2022

	Share capital £'000	Capital redemption reserve £'000	Retained earnings £'000	Total £'000
As at 1 January 2021	15	60	19,658	19,733
Profit for the year	-	-	17,585	17,585
Dividends paid (note 12)	-	-	(9,542)	(9,542)
Total comprehensive income for the year	-	-	8,043	8,043
As at 31 December 2021	15	60	27,701	27,776
Profit for the year	-	-	22,829	22,829
Dividends paid (note 12)	-	-	(19,712)	(19,712)
Total comprehensive income for the year	-	-	3,117	3,117
As at 31 December 2022	15	60	30,818	30,893

The accompanying notes on pages 21 to 38 form an integral part of the financial statements.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2022

1 Accounting policies

General Information

ISG Retail Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Aldgate House, 33 Aldgate High Street, London, EC3N 1AG.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* and Financial Reporting Standard 101 *Reduced Disclosure Framework*. The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements have been prepared on a historical cost basis. The functional and presentation currency used is sterling and amounts have been presented in round thousands.

Disclosure exemptions adopted

In preparing these financial statements the company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by required by UK-adopted international accounting standards;
- certain disclosures regarding the company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- certain disclosures required under IFRS 15 Revenue from Contracts with Customers including details of changes in contract assets and liabilities and details of incomplete performance obligations;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of the group headed by ISG Limited.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of ISG Limited. These financial statements do not include certain disclosures in respect of:

- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value);
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value); and
- impairment of assets.

The Financial Statements contain information about ISG Retail Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred by s400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in the UK consolidated accounts of ISG Limited.

The financial statements of ISG Limited can be obtained as described in note 25.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Going Concern

The financial statements have been prepared on a going concern basis. The Directors have prepared cash flow forecasts for the Company for a period in excess of twelve months from the date of approval of these financial statements. These forecasts are based on the Company's existing forward order book which secures a significant amount of forecast revenue through 2022 and 2023. Together with this forward order book the board has considered assumptions in respect of new business, as well as including assessments of current and future market conditions and other risks and uncertainties in the business. The forecasts completed on this basis demonstrate the Company will be able to operate within its current resources of cash reserves, and no external borrowing is currently planned.

In addition, the Board has also considered downside scenarios including revenue decline and increase in cost base. Whilst the cash flow of these scenarios will be different to the current forecast, mitigating actions have also

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

been reviewed. These mitigating steps include cash management within management's control to improve working capital, reduction, or deferral strategies for operating and capital expenditure. With these factors considered the Board believes that the Company is well placed to manage the current business risks.

On the basis of the exercise described above, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements of the Company.

Revenue Recognition

Revenue represents the amount of the transaction price received or receivable, which approximates the fair value, for goods and services provided to external customers, net of trade discounts and excluding value added tax and similar sales-based taxes. The Company recognises revenue based on when customers obtain control of goods or services. Contracts are typically accounted for as a single performance obligation; even when a contract (or multiple combined contracts) includes both design and build elements, they are considered to form a single performance obligation as the two elements are not distinct in the context of the contract given that each is highly interdependent on the other.

Long-term contracts

Revenue from long-term contracts (including construction contracts) includes the amount initially agreed in the contract, plus any variations in contract work to the extent that it is highly probable that the variation will result in revenue that can be reliably measured (usually when instructions have been received from the client), plus any claim recoveries to the extent that negotiations have reached an advanced stage such that it is highly probable that the customer will accept the claim and the amount can be reliably measured. Management does not expect a financing component to exist. Revenue relates to the creation or enhancement of construction assets, which the customer controls, as the asset is created.

Onerous contracts

When a contract is identified as being onerous (i.e. its unavoidable cost exceeds the economic benefit of the contract), a provision is created; being the lower of costs to complete the contract and the cost of exiting the contract.

The Company has chosen to use an output method to measure progress for contracts where revenue is recognised over time. The revenue recognised reflects the value of the contract at the reporting date, with reference to a survey of work performed. Normally the survey is conducted by a third party and a valuation certificate received. Internal valuations are also used. The value of work carried out during the period includes amounts which have not been invoiced at the period end. This method, the output method, has been deemed the most appropriate method of contract progression.

Where the outcome of the contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred, where it is probable, they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. Contract costs include costs that relate directly to the specific contracts and costs that are attributable to contract activity in general and can be allocated to the contract.

Allowances for expected credit losses, in line with IFRS 9, are made for all known or expected losses on individual contracts immediately, once such losses are foreseen.

The amount due from customers for contract work is shown as a receivable. The amount due comprises costs incurred plus recognised profits less the sum of recognised losses and progress billings. Where the sum of recognised losses and progress billings exceeds costs incurred plus recognised profits, the amount is shown as a liability. Retentions are recognised on invoicing of the associated trade receivable. Any payments received in excess of revenue recognised are recognised as contract liabilities within trade and other payables.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2022 (*continued*)

1 Accounting policies (continued)

Other services

Revenue from maintenance contracts is satisfied overtime and is recognised by reference to the stage of completion, as measured by reference to services performed to date as a percentage of total services to be performed. This is in line with the total value of the contract and the programme of works agreed before commencing with customers. Revenue from consulting works is measured on a time plus agreed expenses not exceeding the agreed total value with customers.

Contract costs

Costs to obtain a contract are expensed unless they are incremental, i.e. they would not have been incurred if the contract had not been obtained, and the contract is expected to be sufficiently profitable for them to be recovered. Costs to fulfil a contract are expensed unless they relate to an identified contract, generate or enhance resources that will be used to satisfy the obligations under the contract in future years and the contract is expected to be sufficiently profitable for them to be recovered, in which case they are capitalised to the extent they will be recovered in future periods. If the contract becomes loss-making, all capitalised costs related to that contract are immediately expensed.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave are recognised when the service is performed by the employee, measured at the amount expected to be paid when the liabilities are settled.

Pensions

The Company operates defined contribution pension schemes. The assets of the schemes are invested and managed independently of the finances of the Company. Contributions to the defined contribution pension schemes are charged to the income statement as they become payable in accordance with the rules of the schemes.

Termination payments

Termination benefits are payable when employment is terminated by the Company before the normal retirement date or when an employee accepts voluntary redundancy.

Government Grants

Grants (including research and development expenditure credits) are recognised when there is reasonable assurance that the Company will comply with the conditions attaching to them and the grants will be received. The grants are recognised in the income statement over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Finance income and costs

Finance income comprises interest income on the Company's cash and cash equivalents and other interest earned. Interest income is recognised as it accrues in the income statement using the effective interest rate method.

Finance costs comprise interest on bank overdrafts, lease liabilities, the unwinding of discounts on contingent deferred consideration and the amortisation of prepaid bank facility arrangement fees and commitment fees charged by lenders on the undrawn portion of available bank facilities that have been amortised over the length of the associated facilities.

Taxation

The Company's tax charge is the sum of the total current and deferred tax charges. Current tax is the tax payable on the taxable profits for the period and any adjustment in respect of prior periods. Where this amount is an asset the Company have made payments on account in accordance with the requirements of a specific jurisdiction.

The Company has made claims for repayable tax credits for qualifying research and development expenditure in the UK under the Finance Act 2013 ('RDEC') in prior years and it will continue to do so for the current and future years in accordance with the relevant HM Revenue and Customs regulations. The credit is calculated as a percentage of the qualifying research and development expenditure at a current rate of 13.0%. The credit is recorded as income within profit before tax (as part of cost of sales), netted against the relevant research and development expenditure.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Deferred tax liabilities are recognised in full using the balance sheet liability method on temporary differences between the carrying amounts of assets and liabilities for financial and reporting purposes and the amounts used for taxation purposes. The recognition of deferred tax assets is based upon whether it is probable that there will be sufficient and suitable taxable profits in the relevant legal entity or tax group against which to utilise the tax assets in the future. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the asset is realised or the liability is settled. Deferred tax assets and liabilities are offset to the extent they arise from the same tax jurisdiction.

Current tax and deferred tax are charged or credited to the income statement, except when they relate to items charged or credited directly to other comprehensive income or equity, in which case the relevant tax is also accounted for within other comprehensive income or equity respectively.

Royalties

Royalty costs are recognised on an accruals basis in accordance with the substance of the relevant underlying agreements.

Dividends payable

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less any provision for losses arising on impairment.

Intangible Assets

Following initial recognition, intangible assets are carried at cost and amortised over the estimated useful lives on a straight-line basis. Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets and their estimated useful lives are as follows:

Software	3 years
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Research and development

Internally generated intangible assets developed by the Company are recognised only if all the following conditions are met: an asset is created that can be identified; it is probable that the asset created will generate future economic benefits; and the development cost of the asset can be measured reliably. Other research expenditure is written off in the period in which it is incurred.

Tangible Fixed Assets

Tangible assets are stated at historical cost net of any accumulated depreciation and any recognised impairment loss. Cost includes expenditure associated with bringing the asset into use.

Depreciation is provided to write off the costs of assets to their residual value in equal annual instalments over the estimated useful economic lives of those assets. The estimated useful lives are as follows:

Leasehold improvements	-	Straight line over the life of the lease
Plant and machinery	-	20% per annum straight line
Office equipment	-	20-33% per annum straight line
Motor vehicles	-	25% per annum straight line

Stocks

Stocks are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition as follows:

- Raw materials – purchase cost determined on a first in-first out basis (FIFO).
- Work in Progress and Finished Goods – cost of direct materials and labour plus a measure of attributable overheads which is based on the normal level of activity of the business.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2022 (*continued*)

1 Accounting policies (continued)

Financial instruments

Financial assets and liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. The classification of financial assets depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets and liabilities are classified as subsequently measured at amortised cost. The Company derecognises a financial asset only when the contractual rights to the cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. A financial liability is derecognised when the contract that gives rise to it is settled, sold, cancelled, or expires.

The principal financial assets and liabilities of the Company are as follows:

(a) Trade and other receivables

Trade and other receivables, including those from related parties, are measured on initial recognition at the transaction price which approximates the fair value of the consideration, and are subsequently measured at amortised cost, less any impairment.

In relation to trade receivables, an allowance for expected credit losses is made based on an expected credit loss model (simplified approach, as detailed under impairment of financial assets). The amount of the loss is recognised within the consolidated income statement. Impaired debts are derecognised when they are assessed as uncollectible.

If collection is expected in more than one year, other receivables are classified as non-current assets and are adjusted for the time value of money.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term highly-liquid investments that are readily convertible (with a maturity of three months or less from inception) to a known amount of cash and are subject to an insignificant risk of changes in value. Cash is carried at amortised cost on the statement of financial position.

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(c) Contract assets and liabilities

When the Company transfers goods or services to a customer before the customer pays consideration or before payment is due, the amount of revenue associated with the transfer of goods or services is accrued and presented as a contract asset in the balance sheet (excluding any amounts presented as a receivable). A contract asset represents the Company's right to consideration in exchange for goods or services that the Company has transferred to a customer.

Contract assets are reduced by appropriate allowances for expected credit losses calculated using the simplified approach (as with trade receivables).

If a customer pays consideration, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers a good or service to the customer, the amount is presented as a contract liability on the balance sheet. A contract liability represents the Company's obligation to transfer goods or services to a customer for which the entity has received consideration (or an amount of consideration is due from the customer).

(d) Trade payables

Trade payables are not interest bearing and are recognised at fair value and subsequently measured at amortised cost.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2022 (continued)

1 Accounting policies (continued)

Impairment of financial assets

The Company classifies its financial assets into categories based on the accounting treatment, either as fair value through profit and loss or amortised cost, depending on the Company's business model for managing the financial assets and the contractual terms of the cash flows. During the reported periods the Company only had assets in the amortised cost category.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g., trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost being the effective interest rate method, less expected credit losses.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. Where there has not been a significant increase in credit risk, twelve month expected credit losses are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Leases

At inception of a contract the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset, this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right then the asset is not identified;
- The Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - o The Company has the right to use the asset; or
 - o The Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2022 (*continued*)

1 Accounting policies (continued)

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the *earlier of the end of the useful life of the right-of-use asset or the end of the lease term*. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, are initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an option renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured where there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Contingent Liabilities

Contingent liabilities are possible obligations arising from past events, whose existence will only be confirmed by future uncertain events that are not wholly within the Company's control, or present obligations where it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be reliably measured. If the outflow of economic resources is not considered remote, contingent liabilities are disclosed but not recognised in the financial statements.

Share capital

The ordinary share capital of the Company is recorded at the proceeds received, net of directly attributable incremental issue costs.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2022 (*continued*)

2 Critical accounting estimates and judgements

The preparation of financial statements under IFRS requires management to make judgements, estimates and assumptions about the carrying amount of assets and liabilities, the amount of income and expenditure recognised in the period and the disclosure of contingent liabilities. Actual results may differ from these estimates and assumptions. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

Going Concern

The Company's decision to continue to use the going concern basis for the preparation of the financial statements is supported by profit budgets and cashflow forecasts. Management's assumptions are used as the basis for these budgets and forecasts. Estimation has been used within the budgets and forecasts around the timing and amount of profit recognition and cash in and outflows. See the accounting policies (Note 1) for an understanding of the considerations for these forecasts.

Revenue and profit margin recognition

The Company's revenue recognition and long-term construction and service contracts' policies are set out in Note 1 above. These policies are central to the way in which the Company values the work it has carried out at each reporting date and the estimation of the percentage completion of the contract. These policies require forecasts to be made of the outcome of long-term construction and service contracts and require assessments and assumptions to be made on the recovery and agreement of pre-contract costs, variations in work scopes, claim recoveries, expected contract costs to complete and the progress on contract programmes. These forecasts require a degree of estimation.

The estimation of final contract value may include assessment of the recovery of variations or claims which are not yet agreed with the customer. These are assessed against the requirements of IFRS 15 and revenue for variations or claims is recognised when it is highly probable to be agreed which involves judgements around the Company's entitlement to revenue. Any amount of revenue recognised is restricted to the amounts that the Company considers is highly probable of not being subject to significant reversal and adjustments are made for any expected contractual delay deductions. On a number of contracts, work is completed on a cost-plus basis, so the element of revenue and profit margin uncertainty is reduced for these contracts.

The Company has appropriate control procedures in place to ensure revenue and cost estimates are calculated on an appropriate basis for each contract. In many cases revenue assessments are validated by third-party surveyors on behalf of customers who certify the value of work performed. There remains an element of estimation uncertainty over the agreement of final accounts in relation to both revenue and costs but this is reduced by the experience of the management teams in place and the internal review processes relating to individual contracts.

Contract accruals

Contract accruals relate to contract cost where an invoice has not been received prior to the year end. The Company has appropriate control procedures in place to ensure any estimates are calculated on an appropriate basis for each contract. As mentioned above, the Company has experienced management teams in place, reviewing costs of contracts with reference to the work performed and stage of completion.

Recoverability of trade debtors

The age, nature and recoverability of all debtors and amounts recoverable on long-term contracts are reviewed regularly by management and provisions made where appropriate.

The company has taken the practical expedient to apply the simplified approach to trade receivables and contract assets to measure expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company uses a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2022 (continued)

6 Employees	2022	2021
	£'000	£'000
Wages and salaries	33,588	28,692
Severance payments	112	-
Social security costs	4,162	3,375
Staff pension contributions	1,368	1,107
Other	-	19
	<u>39,230</u>	<u>33,193</u>

A defined contribution pension scheme is operated by the company on behalf of the employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge, recognised in the income statement account, represents contributions payable by the company to the fund amounting to £1,368k (2021: £1,107k).

Average monthly number of persons (including directors) employed by the Company during the year:

	2022	2021
	Number	Number
Administrative	80	55
Operations	421	387
	<u>501</u>	<u>442</u>

7 Directors' emoluments	2022	2021
	£'000	£'000
Directors' Emoluments	1,375	1,283
Company's contributions to money purchase pension schemes	26	51
	<u>1,401</u>	<u>1,334</u>

During the year, contributions were paid on behalf of three (2021: four) directors under a defined contribution scheme. Four (2021: two) of the directors are employed by ISG Fit Out Limited or ISG Central Services Limited and their remuneration is charged to and disclosed in the financial statements of those companies.

ISG Retail Limited

Notes forming part of the Financial Statements
for the year ended 31 December 2022 (continued)

7 Directors' emoluments (continued)

Amounts payable to the highest paid director were as follows:

	2022 £'000	2021 £'000
Short-term employee benefits	419	490
Pension contributions	45	22
	<u>464</u>	<u>512</u>
8 Income from shares in group undertakings	2022 £'000	2021 £'000
Dividend Income	1,117	-
	<u>1,117</u>	<u>-</u>
9 Interest receivable and similar income	2022 £'000	2021 £'000
Interest receivable from group undertakings	1,244	219
	<u>1,244</u>	<u>219</u>
10 Interest payable and similar charges	2022 £'000	2021 £'000
Interest expense on lease liabilities	82	96
	<u>82</u>	<u>96</u>

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2022 (*continued*)

11 Tax expense

	2022 £'000	2021 £'000
Total current tax expense		
Current tax charge on profits during the year	5,286	4,231
Adjustment for prior periods	96	208
	<u>5,382</u>	<u>4,439</u>
Deferred tax expense		
Adjustments relating to prior years (note 17)	(65)	(81)
Current period charge (note 17)	59	31
Change in tax rate	(20)	(18)
	<u>(26)</u>	<u>(68)</u>
Total tax expense	<u><u>5,356</u></u>	<u><u>4,371</u></u>

The current tax charge for the period to 31 December 2022 is calculated at a rate of 19.00% (2021: 19.00%) payable by corporate entities in the United Kingdom on taxable profits under law in that jurisdiction.

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to losses for the year ended are as follows:

	2022 £'000	2021 £'000
Profit before income taxes	28,185	21,956
	<u>28,185</u>	<u>21,956</u>
Expected tax charge based on the standard rate of United Kingdom corporation tax at the domestic rate of 19.00% (2021: 19.00%)	5,355	4,172
Expenses/Income not deductible/taxable for tax purposes	202	90
Adjustment to prior period deferred tax provision	(65)	(81)
Adjustment for under/(over) provision in previous periods	96	208
Dividend Income – not taxable	(212)	-
Change in tax rate	(20)	(18)
	<u>(104)</u>	<u>(101)</u>
Total tax expense	<u><u>5,356</u></u>	<u><u>4,371</u></u>

Changes to corporation tax rates

Deferred tax that is expected to reverse in future periods has been calculated using rates that were substantively enacted at 31 December 2022. The Finance Act 2021 was substantively enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023. The deferred taxation balances have been measured using the rates expected to apply in the reporting periods when the timing differences reverse.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2022 (*continued*)

12 Dividends

	2022 £'000	2021 £'000
Dividend of £1,314.13 (2021: £636.13) per ordinary share paid during the year	19,712	9,542

13 Tangible fixed assets

	Leasehold Improvement £'000	Office Equipment £'000	Motor Vehicles £'000	Total £'000
Cost or valuation				
Balance at 1 January 2022	5,374	1,924	635	7,933
Additions	18	43	-	61
Disposals	-	-	-	-
	-----	-----	-----	-----
Balance at 31 December 2022	5,392	1,967	635	7,994
	-----	-----	-----	-----
Accumulated depreciation				
Balance at 1 January 2022	2,900	1,674	289	4,863
Depreciation charge for the year	559	154	138	851
Disposals	-	-	-	-
	-----	-----	-----	-----
Balance at 31 December 2022	3,459	1,828	427	5,714
	-----	-----	-----	-----
Net book value				
At 31 December 2022	1,933	139	208	2,280
	-----	-----	-----	-----
At 31 December 2021	2,474	250	346	3,070
	-----	-----	-----	-----

Right-of-use assets

Included within tangible assets are right-of-use assets, which consist of assets arising from operating lease arrangements accounted for under IFRS 16, finance lease agreements and hire purchase agreements:

	Leasehold Improvements £'000	Motor Vehicles £'000	Total £'000
Carrying value at 1 January 2022	2,420	320	2,740
Additions	-	-	-
Depreciation charge for the period	(496)	(138)	(634)
	-----	-----	-----
Carrying value at 31 December 2022	1,924	182	2,106
	=====	=====	=====

Short-term lease expense and low value lease expense are disclosed in note 4. Interest expense on lease liabilities are detailed in note 10. Lease liabilities are disclosed in note 19.

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2022 (continued)

14 Investment in subsidiary undertaking

Cost and Carrying amount

At 1 January 2021 and 31 December 2022

£

1

Subsidiary undertakings

The principal undertakings in which the company's interest at the year-end is 20% or more is as follows:

Name	Country of Incorporation and registered address	Proportion of Voting rights and ordinary share capital held	Nature of business
Realys Limited	Aldgate House, 33 Aldgate High Street, London EC3N 1AG, United Kingdom	100% 1 ordinary share of £1	Non trading

As at 31 December 2022, the aggregate capital and reserves of Realys Limited was £0k (2021: £1,117k). The Company made a £nil pre-tax result for the year (2021: £nil).

15 Stocks

	31 December 2022 £'000	31 December 2021 £'000
Work in progress	19	34

16 Debtors

	31 December 2022 £'000	31 December 2021 £'000
Debtors: due within one year		
Trade debtors	56,783	28,106
Amounts owed by group undertakings	20,463	70,954
Amounts recoverable on contracts	73,086	37,209
Other debtors	3,611	111
Prepayments and accrued income	3,232	1,999
	157,175	138,379
Debtors: due after more than one year		
Deferred tax assets (note 17)	163	137
	163	137

Amounts owed by group undertakings are repayable on demand.

At the balance sheet date retentions held by customers for contract work amounted to £18,861k (2021: £10,955k).

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2022 (*continued*)

17 Deferred tax

Deferred tax assets have been recognised in respect of tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered. Details of the deferred tax liability, amounts recognised in the income statement and amounts recognised in other comprehensive income are as follows:

	£'000
At 1 January 2022	137
Charge to the income statement account (note 11)	(59)
Adjustment in relation to prior periods (note 11)	65
Change in tax rate (note 11)	20
At 31 December 2022	163

	31 December 2022 £'000	31 December 2021 £'000
Accelerated capital allowances	85	71
IFRS 16 spreading adjustments	21	25
Short term timing differences	57	41
	163	137

18 Creditors

	31 December 2022 £'000	31 December 2021 £'000
Creditors: amounts falling due within one year		
Trade creditors	53,776	28,553
Contract accruals	72,815	76,468
Amounts owed to group undertakings	8,101	8,693
Amounts due to construction contract customers	1,157	215
Accruals and deferred income	3,860	2,414
Other creditors	1,100	73
Corporation tax	4,682	2,378
VAT	10,998	22,609
Other taxes and social security	1,410	1,222
	157,899	142,625

Amounts owed to group undertakings are repayable on demand.

ISG Retail Limited

Notes forming part of the Financial Statements
for the year ended 31 December 2022 (*continued*)

19 Lease Liabilities

	31 December 2022 £'000	31 December 2021 £'000
Lease liability maturity analysis – contractual undiscounted cash flows		
Due within one year	699	729
Due within two to five years	1,711	2,274
Due after five years	66	202
Total undiscounted lease liabilities at 31 December 2022	2,476	3,205
Lease liabilities included in the balance sheet		
Current	641	641
Non-current	1,684	2,242
	2,325	2,883

Other details relating to these leases are disclosed in the financial statements as follows: Short-term lease expense, Low value lease expense and Expense relating to variable lease payments not included in the measurement of lease liabilities are disclosed in note 4. Interest expense on lease liabilities is detailed in note 10. Right-of-use assets are disclosed in note 13.

20 Share capital

Authorised	31 December 2022 Number	31 December 2022 £'000	31 December 2021 Number	31 December 2021 £'000
Ordinary shares of £1 each	140,000	140	140,000	140
Allotted, called up and fully paid				
	31 December 2022 Number	31 December 2022 £'000	31 December 2021 Number	31 December 2021 £'000
Ordinary shares of £1 each	15,000	15	15,000	15

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2022 (continued)

21 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	Description and purpose
Share capital	Nominal value of share capital subscribed for.
Retained earnings	All other net gains and losses and transactions with owners (e.g., dividends) not recognised elsewhere.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued shares.

22 Capital and other commitments

There are no capital or other commitments to be disclosed that are not provided in these financial statements.

23 Contingent liabilities

There are Group cross guarantees from the company with certain affiliates for all monies due to certain of the Group's banks and surety lenders. No monies were outstanding as at 31 December 2022. In the normal course of business there are contingent liabilities including the provision of bonds in respect of completed and uncompleted contracts. Bonds are treated as contingent liabilities until such time as it becomes probable payment will be required under the terms of the bond agreement. The total amount of such bank and surety bonds in issue at 31 December 2022 was £16.2m (2021: £30.8m).

24 Related party transactions

The names of the other group companies are shown in the accounts of ISG Limited. The Company has taken advantage of the exemption available under FRS 101: 8(k) not to disclose transactions with entities that are part of a group where consolidated accounts of the group are publicly available.

One of the properties occupied by the Company is co-owned by one the directors of the Company.

Members of some directors' families have been employed during the year on an arm's length basis in the normal course of business.

Related party relationship	Type of transaction	Transaction amount		Balance owed	
		2022 £'000	2021 £'000	31 December 2022 £'000	31 December 2021 £'000
Director - member of GK Realty LLP	Rental of property owned by GK Realty LLP	195	173	-	-
Close members of the directors' families	Services provided to the Company in role as employees	190	171	-	-
		<u> </u>	<u> </u>	<u> </u>	<u> </u>

ISG Retail Limited

Notes forming part of the Financial Statements for the year ended 31 December 2022 (*continued*)

25 Ultimate parent company and control

The immediate parent company is ISG UK Retail Limited, a company incorporated and registered in the UK. The company's ultimate parent company is Cathexis Holdings V LP, a company incorporated and registered in the United States.

The largest group of undertakings for which group accounts are drawn up and of which the company is a member is the group headed by Cathexis Holdings V LP. The smallest such group is the group headed by ISG Limited, a company incorporated and registered in the United Kingdom with registered address of Aldgate House, 33 Aldgate High Street, London, United Kingdom, EC3N 1AG. Copies of the group financial statements of ISG Limited are available from Companies House. The ultimate controlling party is W B Harrison by virtue of his beneficial interests in the ultimate parent company.